



The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

Kevin A. Sheppard, P.E., Chairman

Oil Fund Disbursement Board

October 1, 2005

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Accept the annual and interim report(s) of the Oil Fund Disbursement Board (Board).

EXPLANATION

In accordance with RSA 146-D:5, II, RSA 146-E:7, RSA 146-F:6, and RSA 146-G:9, the Board is pleased to submit its annual and interim report on the status of the New Hampshire Petroleum Cleanup Fund Program for the State Fiscal Year ending June 30, 2005. A table entitled, "N.H. Petroleum Cleanup Reimbursement Funds Summary" is attached, which lists the various funds, import fees, typical annual revenues, fund type and use, balance as of June 30, 2005, and budget for State Fiscal Year 2006. The *Petroleum Reimbursement Fund Program Annual & Interim Report*, also attached, includes program background information, objectives and activity information, legislative activity information, a summary of current and historic financial data, cleanup, (i.e., corrective action) cost distribution data, and a discussion and analysis of the various data.

As noted in the annual report, the reimbursement fund program has a long history of service to the citizens of New Hampshire, in providing financial resources to remedy environmental impacts due to releases of petroleum products. (See Table 5 – Eligible Costs By Community.) The three petroleum storage facility funds operate as comprehensive excess insurance that protects facility owner assets and ensures timely and cost-effective corrective action for petroleum contamination. The gasoline ethers fund under RSA 146-G provides relief for the problem of MtBE contamination, which affects owners of public and private water supply wells statewide. Key program management issues are: maintaining financial integrity such that solvency is assured for as long as the funds are needed, and reducing the risk of future corrective action expenditures through release prevention.

In 2004, reimbursement payments for replacement of substandard on-premise-use heating oil storage tank systems under authority of RSA 146-E exceeded a total of \$1,000,000. This important program, approved by the Legislature in 1999 and amended in 2005, provides up to \$1,500 for a low-income homeowner to replace their heating oil storage tank. Replacement of

substandard heating oil storage tanks is a major component of efforts to reduce the incidence of heating oil releases to the environment and thus reduce corrective action expenditures.

Of particular concern to the Board, is the incidence of MtBE contamination in public and private water supply wells in the state. Legislation approved in 2004 and 2005, SB-397 and HB-58 respectively, will result in a reduction of MtBE in the fuel supply to less than 0.5 percent by volume – effective January 1, 2007. However, the compound will likely remain a serious groundwater contaminant as reduction in use occurs. Hence, Department of Environmental Services personnel continue to work with petroleum storage facility owners and operators providing educational outreach and direct technical assistance in the area of gasoline release prevention. In addition, work is progressing on Board contracts with the U.S. Geological Survey and Weston Solutions, Inc., for conducting comprehensive studies to determine the extent of MtBE contamination in public and private water supplies throughout the state. The Weston Solutions study will also determine what risk factors, if any, are common to the affected water supplies and may contribute to the contamination. Such information will be of great value to local officials.

As a point of information, the Board is completing work on amendment and re-adoption of the fund program administrative rules under N.H. Code of Administrative Rules Chapters Odb 100, 200 & 400. The revised rules include provisions for electronic filing of corrective action reimbursement claims, and otherwise facilitate continuous improvement in program operations.

We respectfully request your acceptance of this report.

Kevin A. Sheppard, P.E., Chairman
Oil Fund Disbursement Board

Michael P. Nolin, Commissioner
Dept. of Environmental Services

Attachments

cc: Hon. Theodore L. Gatsas, President of the Senate
Hon. W. Douglas Scamman, Speaker of the House
Hon. Carl R. Johnson, Chairman Senate Environment & Wildlife Committee
Hon. David L. Babson, Jr., Chairman House Environment & Agriculture Committee
Steven J. Winter, Clerk of the Senate
Karen Wadsworth, Clerk of the House
N.H. State Library

N.H. PETROLEUM CLEANUP REIMBURSEMENT FUNDS SUMMARY - Annual Report 10/1/05

STATUTE	FUND NAME	PETROLEUM TYPE ¹	IMPORT FEE	TYPICAL ANNUAL REVENUES	FUND TYPE ²	FUND USE	FUND BALANCE (as of 6/30/05)	ANNUAL BUDGET (FY 2006)
RSA 146-D Effective 7/1/1988	Oil Discharge and Disposal Cleanup Fund (ODDCF)	Motor fuels (gasoline & diesel)	\$0.0125/gal	\$12,500,000	Financial responsibility (Excess insurance)	Reimbursement for clean up by owners of regulated motor fuel USTs and ASTs	\$5,384,063	\$13,813,797
RSA 146-E Effective 8/28/1993	Fuel Oil Discharge Cleanup Fund (FODCF)	Heating oil	\$0.01/gal.	\$3,800,000	Excess insurance	Reimbursement for clean up by owners of heating oil facilities (primary homeowners)	\$957,174	\$4,048,218
RSA 146-F Effective 7/1/1995	Motor Oil Discharge Cleanup Fund (MODCF)	Motor oil	\$0.04/gal.	\$300,000	Excess insurance	Reimbursement for clean up by owners of motor oil storage facilities (primarily service stations and automobile dealers)	\$379,898	\$490,807
RSA 146-G Effective 7/1/ 2001	Gasoline Remediation & Elimination of Ethers (GREE) Fund	Gasoline Containing Ethers	\$.0025/gal.	\$1,900,000	Remediation of gasoline ether contamination	Reimbursement to owners of impacted water supplies and source properties	\$1,647,877	\$2,886,747
								Total: \$21,239,569

NOTES:

- Petroleum type indicates the type of petroleum on which the import fee is assessed and/or the nature of the facility or petroleum release which can be addressed by the fund.
- Financial responsibility of up to \$1,000,000 for cleanup costs and third-party damages is required for all federally regulated motor fuel underground storage tanks. The ODDCF is the financial responsibility mechanism for all federally regulated underground storage tanks in New Hampshire. The ODDCF, FODCF, and MODCF operate as excess insurance funds. The GREE fund operates as a remediation fund only. This fund is available to owners of public and private water supplies who incur costs for periodic monitoring and for replacement of contaminated supplies, and owners of sites that are a source of gasoline ether contamination. The fund is also available to pay DES contractor costs for providing temporary potable water and performing investigations to determine sources of gasoline ether contamination.

OIL FUND DISBURSEMENT BOARD MEMBERS

Kevin A. Sheppard, P.E., Chairman
Representing: General Public

Rep. D.L. Chris Christensen, Vice Chairman
Representing: N.H. House

Sen. Robert E. Clegg
Representing: N.H. Senate

Sen. Robert J. Letourneau
Representing: N.H. Senate

Rep. Joseph E. Stone
Representing: N.H. House

James E. Connolly, Jr.
Representing: General Public

Ronald R. Poirier
Representing: Petroleum Dealers

James E. Robertson
Representing: Petroleum Distributors

Thomas J. Frawley
Representing: Petroleum Refiners

Raymond Bellemore
Representing: Fuel Oil Dealers

Michael P. Nolin
Representing: NHDES

Scott R. Bryer, CPA
Representing: Dept. of Safety

STATE OF NEW HAMPSHIRE

Petroleum Reimbursement Fund Program

RSA 146-D, RSA 146-E, RSA 146-F, and RSA 146-G

Annual & Interim Report



Oil Fund Disbursement Board

October 1, 2005

FORWARD

Pursuant to RSA 146-D:5, II, RSA 146-E:7, and RSA 146-F:6 this document presents the Annual Report on the activities, income, and expenditures for the Oil Discharge and Disposal Cleanup, Fuel Oil Discharge Cleanup Fund, and Motor Oil Discharge Cleanup Fund for the state fiscal year ending June 30, 2005. Pursuant to RSA 146-G:9 this document also presents Annual & Interim Reports on the activities, income, and expenditures for the Gasoline Remediation & Elimination of Ethers Fund through June 30, 2005.

Kevin A. Sheppard, P.E., Chairman
Rep. D.L. Chris Christensen, Vice Chairman
Sen. Robert E. Clegg
Sen. Robert J. Letourneau
Rep. Joseph E. Stone
James E. Connolly, Jr.
James E. Robertson
Ronald R. Poirier
Thomas J. Frawley
Raymond Bellemore
Michael P. Nolin
Scott R. Bryer, CPA

Oil Fund Disbursement Board – RSA 146-D:4, I
September 19, 2005

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Program Background

The New Hampshire Petroleum Fund Program is a financial assistance program for owners of petroleum storage facilities, owners of public or private water supplies, and owners of properties identified as a source of gasoline ether contamination - typically methyl tertiary-butyl ether (MtBE). The program is comprised of four separate dedicated funds authorized by state statute. These funds are; the Oil Discharge & Disposal Cleanup Fund under authority of RSA 146-D, the Fuel Oil Discharge Cleanup Fund under authority of RSA 146-E, the Motor Oil Discharge Cleanup Fund under authority of RSA 146-F, and the Gasoline Remediation & Elimination of Ethers Fund under authority of RSA 146-G.

The RSA 146-D fund was enacted into law in July 1988, and program operations began in 1990. The other three funds were added to the program in subsequent years, the most recent being the RSA 146-G fund in July 2001. In total years, the fund program has a long history of service to the citizens of New Hampshire in providing financial resources to remedy environmental impacts.

The RSA 146-D, E & F funds provide "excess insurance" coverage for owners of underground storage tank facilities, owners of above ground storage tank facilities, and owners of on-premise-use heating oil facilities (including residential properties). Together, these three funds comprise a comprehensive insurance program that protects facility owners from financial devastation and ensures timely and cost-effective corrective action of petroleum

contamination. Owners of petroleum storage facilities may request reimbursement for corrective action costs incurred due to facility releases. To qualify for state fund coverage, the facility must be in substantial compliance with all applicable state and federal rules for facility operation and maintenance, to reduce the risk of releases. In addition, under RSA 146-E, homeowners who demonstrate financial need may receive up to \$1,500 in funds for repair or replacement of substandard fuel oil storage tank systems, to prevent releases. This program is expected to reduce corrective action expenses in future years.

The RSA 146-G fund is available to remedy contamination due to MtBE or other gasoline ethers, and is not a petroleum storage facility excess insurance program. Therefore, monies expended from this fund may be recoverable by the state under certain circumstances. The fund is also available to support research into the cause and prevention of gasoline ether releases. RSA 146-G fund activities are discussed in detail beginning on Page 2.

The fund program is administered by the Oil Fund Disbursement Board (Board), which is composed of twelve members representing the N.H. Legislature, the petroleum industry, state agencies and the general public. The Board is administratively attached to the Department of Environmental Services (DES), which performs program support services. The Board meets monthly to

hear appeals, approve activity reports, and review policies and procedures.

Reimbursements from the Oil Discharge & Disposal Cleanup Fund (ODDCF), the Fuel Oil Discharge Cleanup Fund (FODCF), the Motor Oil Discharge Cleanup Fund (MODCF) and the Gasoline Remediation & Elimination of Ethers (GREE) Fund are subject to N.H. Admin. Rules Chapter Odb 400, and Board policies.

Additional program information is available by request, or may be obtained directly at:

http://www.des.state.nh.us/orcb_hwrb.htm

Assistance To N.H. Communities & State Economic Development

Since disbursements began in 1990, the fund program has returned over \$124M to individuals, small business owners, corporations, political subdivisions and agencies of the state. Petroleum storage facility owners or individuals in nearly every community have received fund program monies. See Table 5 on Page 11.

Fund program disbursements provide a direct benefit in protecting public health and in environmental damage restoration. In addition, the program provides ancillary economic development benefits through employment of corrective action service providers and property revitalization.

Program Objectives & Activity

The Board and DES work cooperatively to ensure that the goals established for each

fund by statute are met. That is, protection of public health and the environment through the funding of remediation activities for petroleum contamination in soil and water. DES staff focus on moving corrective action projects toward regulatory closure in a timely manner. This activity includes review and approval of corrective action work scopes and budgets, activity reports, and reimbursement requests. In a typical month, DES staff will review and approve 70 work scopes/budgets, 200 corrective action activity reports and 220 reimbursement requests ranging from under \$1,000 to over \$200,000. Whenever possible, innovative and performance-based strategies are employed to improve corrective action results and decrease the time to complete regulatory closure of a project.

The Board oversees financial management of the funds including development and implementation of rules, policies and procedures for fund eligibility and reimbursement request processing. A Subcommittee works directly with DES staff on major projects, management issues, and approval of reimbursement requests. In its efforts, the Board may employ independent auditors or consultants, and relies on the Department of Justice for legal counsel.

Gasoline Ether Fund Activity

Groundwater throughout the country and here in New Hampshire is contaminated due to spills or releases of gasoline containing MtBE. Chapter 293, Laws of 2001, effective July 1, 2001 (HB 758-FN) established the GREE Fund under RSA 146-G, to provide funding for corrective

measures taken to mitigate MtBE contamination. RSA 146-G: 4, provides specific authorization for research programs *"dedicated to the development and improvement of preventive and cleanup measures concerning...gasoline ether discharges."* The Board is particularly concerned about the problem of MtBE contamination in public and private water supplies, and has authorized GREE Fund expenditures for statewide monitoring and site-specific cleanup.

As of August 2005, overall conditions in New Hampshire due to MtBE contamination and allocation of GREE Fund resources to address the problem are as follows:

- More than 200 public water supply (PWS) wells have MtBE contamination at some detectable level, as measured during routine annual monitoring. At concentrations of 5.0 parts per billion (ppb) or above, PWS owners are required to notify their customers of the presence of MtBE in the water supply.
- MtBE is present in the groundwater at 753 correct action project locations managed by DES, in 158 communities. 52% of these locations are leaking underground storage sites where MtBE is found with other gasoline contamination. 23% are MtBE-only contamination sites. 25% are various category corrective action projects. In Rockingham County, MtBE is present in 40% of PWS wells and 21% of private wells, based on a 2004 U.S. Geological Survey (USGS) study.
- The state 13ppb groundwater quality standard is exceeded at 482 locations in 136 communities. Numerous private water supply wells and some public water supply

wells are contaminated at or above the 13ppb standard.

- Owners of 173 residences and businesses in 76 communities are eligible, or potentially eligible, to receive direct GREE Fund assistance. Cost reimbursement is available for PWS monitoring, PWS customer notification, contamination investigations, interim and permanent water supplies and remedial action.
- Owners of 128 private and public water supplies are receiving interim water supplies, included bottled water or well treatment, while investigations are in progress to determine a permanent remedy.
- Owners of 45 private water supplies in the Arlington Pond area of Salem were connected to a new municipal water main extension. The \$2.5M project was funded by state, local and federal dollars, with a 54% GREE Fund contribution rate.
- Two construction projects are in progress to connect manufactured home parks in Rochester and Epping to municipal water systems. The GREE Fund will contribute approximately \$500K (100%) for this work. Other similar projects are under consideration.
- Owners of gasoline ether contamination source properties are eligible for funding to conduct investigations and implement remedies. (Motor vehicle salvage yards are a typical MtBE contamination source location.) The GREE Fund is available if the owner improves operations to prevent further gasoline spills. Non-cooperative owners are subject to cost recovery.

Research and investigation programs that are complete, completed recently, or in progress include:

- In 2003, University of New Hampshire Environmental Research Group (UNHERG) scientists conducted a study of the magnitude and distribution of MtBE contamination in Paugus Bay, which is the primary water supply for the City of Laconia. A copy of the Paugus Bay study report is available from DES.
- UNHERG recently completed work for a study on the operating efficiency and effectiveness of MtBE contamination treatment systems used by DES at various private water supply locations throughout the state.
- UNHERG is conducting a study on methods to mitigate gasoline vapor releases from underground storage tank systems. Gasoline vapors are a significant source of MtBE contamination in the state. This work is being performed in cooperation with DES and a major gasoline retailer, with a scheduled completion date of December 2007.
- A large and comprehensive study is in progress to assess the risk that MtBE contamination poses to public water supply wells. Weston Solutions, Inc., a private consulting firm, is performing this work with a scheduled completion date of March 2006.
- The USGS is conducting a statewide study to determine the percentage of public and private water supplies where MtBE is present, and the level of contamination. This study is scheduled for completion in June 2006.

DES worked closely with legislators to identify solutions and enact new legislation and/or administrative rules to address the MtBE contamination problem, including removal of the compound from the fuel supply in quantities greater than

0.5 percent by volume. [See SB-397 passed in 2004 and HB-58 passed in 2005, effective January 1, 2007.] However, MtBE will likely remain a serious groundwater contaminant for a number of years, as use in the fuel supply diminishes.

Legislative & Rulemaking Activity

As discussed previously, under the FODCF homeowners who demonstrate financial need may receive funds for repair or replacement of substandard fuel oil storage tank systems, to prevent releases. Effective August 14, 2005, HB 547-FN increased the existing \$1,000 funding limit established in 1999 to \$1,500, and added \$2,500 in coverage for closure of underground storage tanks. The upward adjustment of the funding limit was warranted due to inflation and other market changes.

In 2003, \$1M dollars was transferred to other state funds from the FODCF, MODCF, and the Oil Pollution Control Fund as a compromise to another transfer proposal that would have reduced the balance in the ODDCF by \$5M dollars. In 2005, \$1.8M was appropriated to the Department of Transportation from the ODDCF under Capital Budget legislation (HB 25-FN-A).

The Board is concerned that additional appropriations/transfers may be authorized during the 2006 legislative session, with potential deleterious effects on program operations. Thus the Board and DES will continue to work closely with legislative and fiscal committee leadership.

Income & Expenditures

Annual operating revenue to the ODDCF, FODCF and MODCF is provided through import fees on petroleum products. These import fees are collected by the Department of Safety (DOS), as are other motor fuel fees for other state agencies. Annual operating revenue to the GREE Fund is provided through transfers from the ODDCF. Each fund has a balance "ceiling and floor" established by statute, such that import fee collections are suspended when the ceiling is reached and collections resume when the balance is paid-down to the floor. Maintenance of a sufficient balance, combined with annual revenues, is critical to fund solvency. Ensuring that sufficient funds are available to support present and future corrective action projects is a primary focus of program planning.

Fund program financial operations follow the state Fiscal Year (FY) calendar of July 1st to June 30th, and the state biennium budget cycle. The current state FY is 2006, which began July 1, 2005. Tables 1-3 summarizing (comparative) FY 2004 & 2005, historic, and FY 2006 & FY 2007 projected revenues and expenditures for the four-fund program, are included in the *Summary of Financial Activity* section beginning on Page 9.

The Board is pleased to report the majority of program revenues are directed to achieving established goals and objectives, while (historic) overall administrative costs for the four-fund program are 8% of total expenditures.

Overhead expenses are minimized through a management strategy based on two key tenets. First, DES supervisory, project management, facility compliance and administrative staff supported by the funds are able to work under all four funds on a program basis, through the use of inter-fund transferred expenditures. This shared approach facilitates full utilization of day-to-day staff-hour resources and minimizes idle time. Second, overtime funds are available to provide additional staff-hours as needed to meet peak workload demands through staff equivalents, versus maintaining sufficient full-time staff to cover all potential workload demands.

In FY 2005, DES full-time and equivalent-time staff processed reimbursements and managed corrective action contract work totaling \$17.9M dollars.

Operating Revenues: ODDCF revenues decreased from \$14.1M dollars in FY 2004 to \$12.2M dollars in FY 2005. This decrease is due in large part to re-instatement of import fee transfers to the GREE Fund, which reached its \$1M dollar floor in March 2004. Although ODDCF revenues decreased in FY 2005, a general increasing trend is anticipated for future years. FODCF revenues increased from \$0.8M dollars in FY 2004 to \$3.6M dollars in FY 2005, as import fee collections were also re-instated in March 2004 when the \$1.5M floor was reached. The decline of the FODCF balance in FY 2004, and sluggish fuel imports in early FY 2005, contributed to a short period of delayed payment of cost reimbursement

claims. The situation was corrected with increased import fee collections for the remainder of the year. FY 2006 and FY 2007 FODCF and MODCF revenues are expected to reflect historic average figures.

Administrative Costs: Administrative costs generally increased during FY 2005, as new positions and existing position vacancies were filled and staff received approved salary increments. Specific increases in all funds resulted from (1) a change in benefits costs to the state and (2) newly assessed indirect costs. However, as noted previously, overall program administrative costs are a low 8% of total expenditures. FY 2006 and FY 2007 budgeted administrative costs are based on an assumption that all positions remain filled, and applying conservative estimates for inter-fund operation expenditure transfers and other program costs. Actual administrative costs are typically below approved budgets.

Corrective Action Expenses: ODDCF corrective action expenses increased \$2.2M over FY 2004 levels due to (1) a general increasing trend in underground storage tank project cleanups, and (2) large cleanups at a number of above ground storage tank projects. MODCF expenses also increased due to project-specific work, while FODCF expenses decreased 5%. GREE Fund expenses decreased 29% primarily due to finalization of a major water main construction project for the Town of Salem. For FY 2006, public water supply construction projects in Epping and

Rochester are expected to increase expenses.

Total fund program corrective action expenses are expected to meet or exceed FY 2005 levels in FY 2006 - 2007. The distribution of corrective action costs is discussed in more detail in the next section.

Release Prevention/Research Expenses: FY 2005 FODCF expenses for prevention of releases from residential fuel oil tanks increased 34% over FY 2004 levels. This increase is attributable to growth of this important program that will continue to offer benefits in future years through reduced corrective action expenses. FY 2005 was the third year for GREE Fund research expenses, which are expected to remain consistent in future years, as needed.

Fund Solvency: As noted previously, maintenance of sufficient fund balances is critical to solvency. Fund solvency is critical to ensuring that sufficient funds are available to support present and future corrective action projects. Limited funding results in delays in corrective action cost reimbursement and resultant delays in performing work. Delays in performing work increase the risk to public health and the environment as contaminants move further from the source property, through soil and water media. At this time, the ODDCF is at risk of future insolvency based on projected income and expenditures. The Board will monitor this situation closely in FY 2006 and FY 2007.

Distribution of Corrective Action Projects & Expenditures

For a typical project, the sequence of "phased" corrective action work from discovery of a release through regulatory closure is: Emergency Services, Initial Response, Site Characterization, Site Investigation, Remedial Plan, Remedial Plan Implementation and finally, Monitoring. The nature of the product released dictates the type of work needed to complete corrective action. A gasoline release will spread further in environmental media such as soil and groundwater hence, a comprehensive site investigation is usually required prior to remedial plan development and remedial plan implementation. In contrast, contamination from a fuel oil release is most often limited to soil. Therefore, most fuel oil corrective action work typically occurs under the Initial Response phase, and these projects move quickly to regulatory closure without a comprehensive site investigation.

The majority of corrective action work currently funded under the ODDCF is associated with releases of gasoline and diesel products from regulated underground storage tanks, reported during the period from the late 1980s through December 1998. After 1998, most operating facility owners achieved substantial compliance with regulations and the number of releases significantly decreased. However, in the past few years, the incidence of second releases at existing fund program-eligible facility locations has increased, with MtBE as the

principal contaminant of concern. DES is working with public and private sector partners to determine the causes of second releases and develop solutions.

Corrective action expenses from 1990 through the present were evenly distributed among the Initial Response, Site Investigation, Remedial, and Monitoring phases as new projects were initiated and existing projects closed. Over the next few years, the percentage of remedial costs will increase, as regulatory closure of the remaining active projects is completed, and the discovery of new releases requiring investigation diminishes. In comparison, the majority of work under the FODCF was associated with releases of fuel oil from residential tanks, with 57% of expenses for Initial Response. There are approximately 179 existing residential fuel oil release projects that are not closed, and 123 new releases were reported in calendar 2004. Activity under the MODCF is limited due to few reported releases. The majority of existing projects are in the investigation phase.

As noted previously, the GREE Fund differs from the other funds in applicability and operation. Corrective action work is primarily directed toward remedies for parties impacted by MtBE contamination. Therefore, expenses are for interim water supplies and associated monitoring, and for permanent water supplies. Permanent water supplies include replacement public and private water supply wells and extensions of municipal water main systems to serve numerous contaminated properties.

In 2004, the Board authorized significant expansion of the GREE Fund program to include coverage for owners of gasoline ether contamination source properties to conduct investigations and implement remedies. (Motor vehicle salvage yards are a typical MtBE contamination source location.) In addition, public water supply owner funding was expanded to include coverage for periodic MtBE monitoring and customer notification.

Program corrective action project statistics are reported on a calendar year basis and are provided in Table 4. Figures 1-4 illustrate the historic distribution of corrective action project costs, for purposes of comparison among the four funds.

Program Recognition

The New Hampshire petroleum fund programs continue to receive high marks from USEPA, consulting engineers, petroleum industry representatives, and facility owners. New Hampshire has achieved nearly 100% regulatory compliance in its efforts to remove or upgrade substandard underground storage tanks. Therefore, the risk of future releases and impacts to the ODDCF are greatly reduced, versus 15 years ago when the program began. In addition, the fuel oil release prevention program will greatly reduce future corrective action expenditures and impacts to the FODCF. Our performance places us at the top tier nationally among the states. The Board and DES work cooperatively to ensure continuous improvement in management of the four funds.

Summary of Financial Activity

Table 1. - FY 2005 & 2004 Comparative

<i>Category</i>	<i>Oil Discharge & Disposal Cleanup Fund (RSA 146-D)</i>		<i>Fuel Oil Discharge Cleanup Fund (RSA 146-E)</i>		<i>Motor Oil Discharge Cleanup Fund (RSA 146-F)</i>		<i>Gasoline Remediation & Elimination of Ethers Fund (RSA 146-G)</i>	
Fiscal Year	2005	2004	2005	2004	2005	2004	2005	2004
Beginning Balance	\$8,009,984	\$6,509,189	\$678,011	\$3,035,565	\$273,194	\$206,576	\$1,255,478	\$2,128,848
Revenues (1)	\$12,219,554	\$14,121,743	\$3,555,804	\$834,074	\$294,607	\$204,672	\$1,909,881	\$606,826
Administrative Costs (2)	(\$807,963)	(\$770,722)	(\$308,693)	(\$225,225)	(\$71,947)	(\$61,203)	(\$417,271)	(\$373,385)
Corrective Action Expenses	(\$14,037,512)	(\$11,850,226)	(\$2,477,437)	(\$2,599,859)	(\$115,956)	(\$76,851)	(\$767,011)	(\$1,077,220)
Release Prevention/ Research/ Investigation Expenses	N.A.	N.A.	(\$490,511)	(\$366,546)	N.A.	N.A.	(\$333,200)	(\$29,591)
Adjustments (3)								
Ending Balance	\$5,384,063	\$8,009,984	\$957,174	\$678,011	\$379,898	\$273,194	\$1,647,877	\$1,255,478

Table 2. - Historic Performance

<i>Category</i>	<i>Oil Discharge & Disposal Cleanup Fund (RSA 146-D)</i>	<i>Fuel Oil Discharge Cleanup Fund (RSA 146-E)</i>	<i>Motor Oil Discharge Cleanup Fund (RSA 146-F)</i>	<i>Gasoline Remediation & Elimination of Ethers Fund (RSA 146-G)</i>
Program Initiation	1990	1993	1995	2002
Revenues	\$113,048,580	\$26,379,854	\$2,174,484	\$6,008,191
Administrative Costs	(\$8,363,918)	(\$1,337,310)	(\$281,627)	(\$1,149,969)
Loan Expense (4)	N.A.	(\$2,000,000)	(\$400,000)	N.A.
Corrective Action Expenses	(\$99,430,425)	(\$20,532,373)	(\$412,959)	(\$2,776,886)
Release Prevention/ Research/Investigation Expenses	N.A.	(\$1,352,997)	N.A.	(\$433,459)
Adjustments	\$129,826	(\$200,000)	(\$700,000)	
Balance – FY 2005	\$5,384,063	\$957,174	\$379,898	\$1,647,877

NOTES TO TABLES 1 & 2:

- (1) Total revenues include import fees, interest and inter-fund transfers.
- (2) Administrative costs include DES services, Dept. of Safety import fee collection activities, and Dept. of Justice and other legal services.
- (3) Year-end or other adjustments to revenues or expenses result from reconciliation of inter-account discrepancies, or legislative inter-fund transfers.
- (4) Loan expenses result from repayment of program start-up funds and other inter-fund loans.

Table 3. - FY 2007 & 2006 *Projected*

Category	Oil Discharge & Disposal Cleanup Fund (RSA 146-D)		Fuel Oil Discharge Cleanup Fund (RSA 146-E)		Motor Oil Discharge Cleanup Fund (RSA 146-F)		Gasoline Remediation & Elimination of Ethers Fund (RSA 146-G)	
	2007	2006	2007	2006	2007	2006	2007	2006
Fiscal Year								
Beginning Balance	\$4,070,266	\$5,384,063	\$708,956	\$957,174	\$369,091	\$379,898	\$1,499,314	\$1,647,877
Revenues (1)	\$13,125,000	\$12,500,000	\$3,800,000	\$3,800,000	\$310,000	\$300,000	\$2,000,000	\$1,900,000
Administrative Costs (2)	(\$1,214,885)	(\$1,193,797)	(\$275,457)	(\$273,218)	(\$194,225)	(\$190,807)	(\$885,014)	(\$898,563)
Corrective Action Expenses (3)	(\$12,620,000)	(\$12,620,000)	(\$2,600,000)	(\$2,600,000)	(\$120,000)	(\$120,000)	(\$800,000)	(\$800,000)
Release Prevention/ Research/Investigation Expenses (3)	N.A.	N.A.	(\$550,000)	(\$550,000)	N.A.	N.A.	(\$350,000)	(\$350,000)
Adjustments (4)								
Ending Balance	\$3,360,381	\$4,070,266	\$1,708,499	\$1,333,956	\$364,866	\$369,091	\$1,464,300	\$1,499,314

NOTES TO TABLE 3:

- (1) Total revenues are based on historic averages (when import collections were active) and projected fuel import activity. Revenue includes import fees, interest and inter-fund transfers. RSA 146-E collections, and transfers from the RSA 146-D to RSA 146-G funds, resumed during FY 04.
- (2) Administrative costs are as currently budgeted and include DES services, Dept. of Safety import fee collection activities, and Dept. of Justice and other legal services.
- (3) Estimated corrective action, release prevention and research expenses reflect anticipated demand based on previous years, and approved budgets for future work.
- (4) No year-end or other adjustments are anticipated.

Corrective Action Project Distribution

Table 4. - Totals As of August 19, 2005

Category	Oil Discharge & Disposal Cleanup Fund (RSA 146-D)	Fuel Oil Discharge Cleanup Fund (RSA 146-E)	Motor Oil Discharge Cleanup Fund (RSA 146-F)	Gasoline Remediation & Elimination of Ethers Fund (RSA 146-G)
Total Projects	1,461	1,165	28	100
Closed Projects	661	972	17	16
Active Projects	800	193	11	84
New Projects in Calendar 2004	5	123	1	19

Eligible Costs By Community – All Funds

Table 5. - Totals As of August 19, 2005

Acworth	\$19,293	Colebrook	\$140,232	Greenville	\$135,497	Marlborough	\$131,386	Pittsburg	\$74,797	Walpole	\$259,664
Albany	\$331,074	Concord	\$3,960,051	Groton	\$46,966	Marlow	\$73,559	Pittsfield	\$698,181	Wamer	\$169,515
Allenstown	\$345,017	Contoocook	\$985	Hampstead	\$1,072,574	Mason	\$871,177	Plainfield	\$161,869	Warren	\$238,130
Alstead	\$119,658	Conway	\$1,489,800	Hampton	\$819,630	Melvin Village	\$750	Plastow	\$1,578,902	Waterville Valley	\$159,132
Alton	\$540,674	Cornish	\$45,394	Hampton Falls	\$72,909	Meredith	\$2,619,984	Plymouth	\$2,436,452	Weare	\$2,486,192
Amherst	\$272,218	Croydon	\$36,085	Hancock	\$11,270	Merrimack	\$879,629	Portsmouth	\$3,439,514	Webster	\$498
Andover	\$121,654	Dalton	\$508,336	Hanover	\$1,078,384	Middleton	\$32,001	Raymond	\$644,962	Westmoreland	\$48,481
Antrim	\$395,788	Danbury	\$18,920	Harrisville	\$145,091	Milan	\$11,505	Richmond	\$969,665	Whitefield	\$213,729
Ashland	\$158,365	Danville	\$221,546	Haverhill	\$525,663	Milford	\$1,537,674	Rindge	\$177,856	Wilmot	\$105,442
Atkinson	\$10,459	Deerfield	\$316,987	Hebron	\$14,989	Milton	\$164,766	Rochester	\$3,150,186	Wilton	\$281,559
Auburn	\$377,267	Deering	\$46,428	Henniker	\$341,641	Monroe	\$12,721	Rollinsford	\$617,814	Winchester	\$726,893
Barnstead	\$360,269	Derry	\$1,792,010	Hill	\$30,505	Mont Vernon	\$137,861	Rumney	\$29,361	Windham	\$3,407,141
Barrington	\$159,266	Dixville	\$128,857	Hillsboro	\$1,661,639	Moultonborough	\$990,191	Rye	\$452,403	Wolfeboro	\$1,407,145
Bartlett	\$331,723	Dover	\$4,975,802	Hinsdale	\$157,742	Nashua	\$4,627,023	Salem	\$3,425,886	Woodstock	\$66,714
Bath	\$31,155	Dublin	\$101,847	Holderness	\$78,461	Nelson	\$322,708	Salisbury	\$23,171		
Bedford	\$1,212,372	Dunbarton	\$320,919	Hollis	\$245,593	New Boston	\$178,612	Sanbornton	\$146,731		
Belmont	\$733,233	Durham	\$792,047	Hooksett	\$811,685	New Castle	\$206,797	Sandown	\$113,553		
Bennington	\$171,458	East Kingston	\$18,285	Hopkinton	\$651,307	New Durham	\$41,453	Sandwich	\$269,587		
Berlin	\$592,003	Effingham	\$15,034	Hudson	\$939,215	New Hampton	\$925	Seabrook	\$775,570		
Bethlehem	\$309,422	Enfield	\$1,269,512	Jackson	\$58,942	New Ipswich	\$193,529	Sharon	\$10,114		
Boscawen	\$169,739	Epping	\$799,327	Jaffrey	\$957,792	New London	\$718,401	Somersworth	\$2,137,514		
Bow	\$320,539	Epsom	\$1,366,115	Jefferson	\$198,615	Newbury	\$242,599	South Hampton	\$37,640		
Bradford	\$1,205,434	Errol	\$346,142	Keene	\$1,608,606	Newfields	\$80,498	Stark	\$13,859		
Brentwood	\$268,084	Exeter	\$1,866,984	Kensington	\$94,424	Newington	\$794,110	Stewartstown	\$56,197		
Bridgewater	\$108,838	Farmington	\$341,787	Kingston	\$774,702	Newmarket	\$369,228	Stoddard	\$415,922		
Bristol	\$549,539	Fitzwilliam	\$260,900	Laconia	\$3,169,764	Newport	\$897,393	Strafford	\$382,243		
Brookfield	\$7,152	Francestown	\$81,306	Lancaster	\$858,445	Newton	\$415,215	Stratford	\$91,117		
Brookline	\$44,140	Franconia	\$85,762	Lebanon	\$3,693,411	North Conway	\$850	Stratham	\$771,317		
Cambridge	\$10,779	Franklin	\$1,197,415	Lee	\$1,425,799	North Hampton	\$492,073	Sugar Hill	\$27,870		
Campton	\$612,204	Freedom	\$191,209	Lempster	\$213,816	Northfield	\$219,690	Sullivan	\$36,743		
Canaan	\$949,370	Fremont	\$313,560	Lincoln	\$58,172	Northumberland	\$300,641	Sunapee	\$189,297		
Candia	\$411,247	Gilford	\$1,313,040	Lisbon	\$93,277	Northwood	\$942,898	Surry	\$17,767		
Canterbury	\$268,527	Gilmanton	\$185,444	Litchfield	\$1,000	Nottingham	\$182,020	Sutton	\$246,333		
Carroll	\$266,197	Gilsom	\$13,243	Littleton	\$1,112,241	Orange	\$12,364	Swanzey	\$392,261		
Center Harbor	\$18,044	Goffstown	\$1,685,549	Londonderry	\$1,272,136	Orford	\$134,955	Tamworth	\$230,488		
Charlestown	\$140,965	Gorham	\$659,495	Loudon	\$153,918	Ossipee	\$1,465,838	Temple	\$13,444		
Chester	\$124,911	Goshen	\$88,004	Lyme	\$23,093	Pelham	\$564,858	Tilton	\$1,643,463		
Chesterfield	\$227,822	Grafton	\$12,458	Lyndeborough	\$8,640	Pembroke	\$102,037	Troy	\$60,256		
Chichester	\$1,302,337	Grantham	\$259,032	Madbury	\$157,074	Peterborough	\$966,430	Tuftsboro	\$697,361		
Claremont	\$1,329,781	Greenfield	\$51,069	Madison	\$64,162	Piermont	\$265,832	Unity	\$203,249		
Clarksville	\$850	Greenland	\$1,159,877	Manchester	\$9,489,419	Pinkham Grant	\$241,826	Wakefield	\$1,427,855		

Corrective Action Expenditure Distribution

Figure 1. - Oil Discharge & Disposal Cleanup Fund

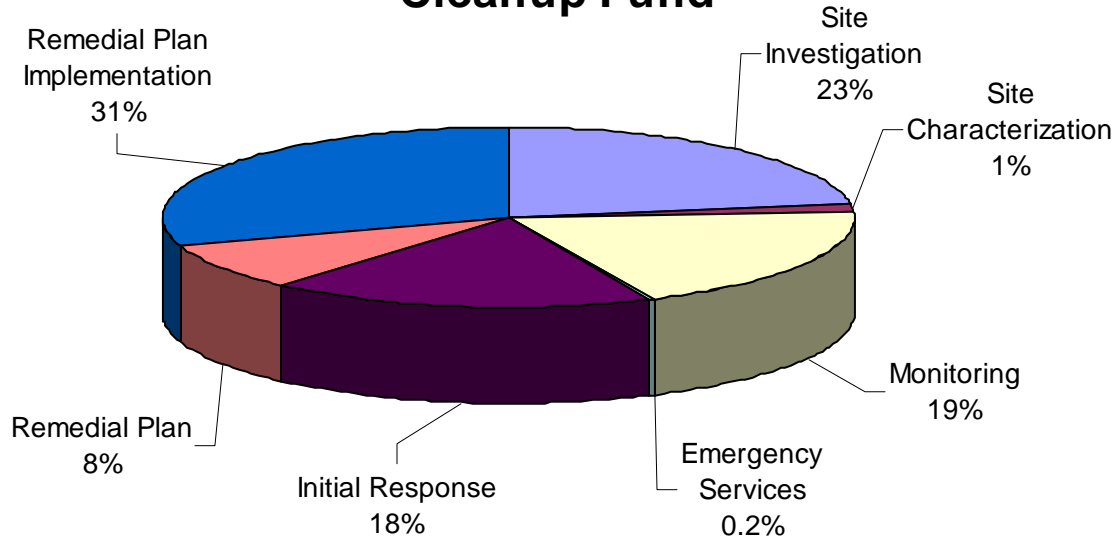


Figure 2. - Fuel Oil Discharge Cleanup Fund

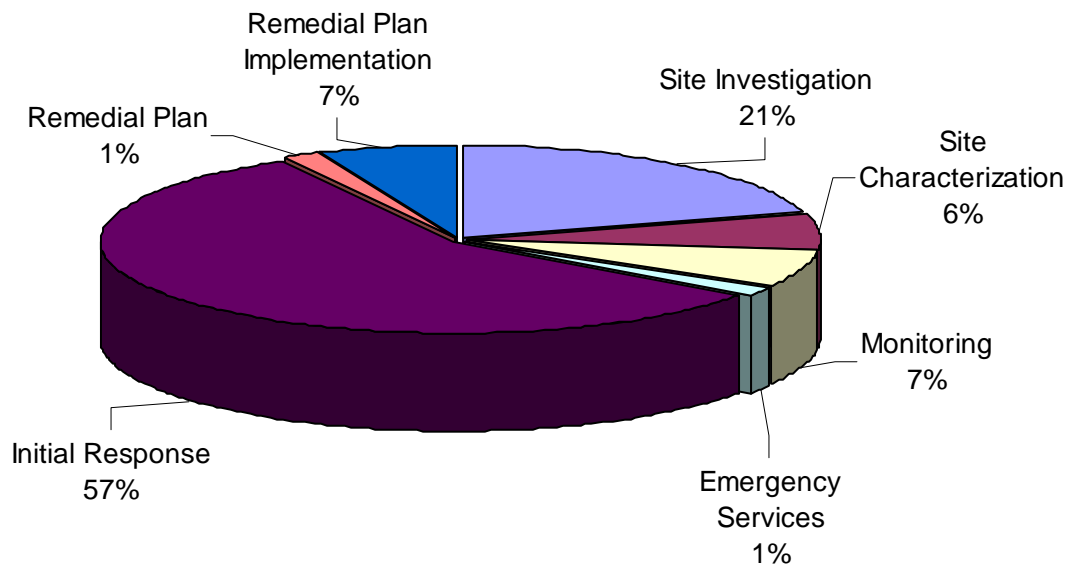


Figure 3. - Motor Oil Discharge Cleanup Fund

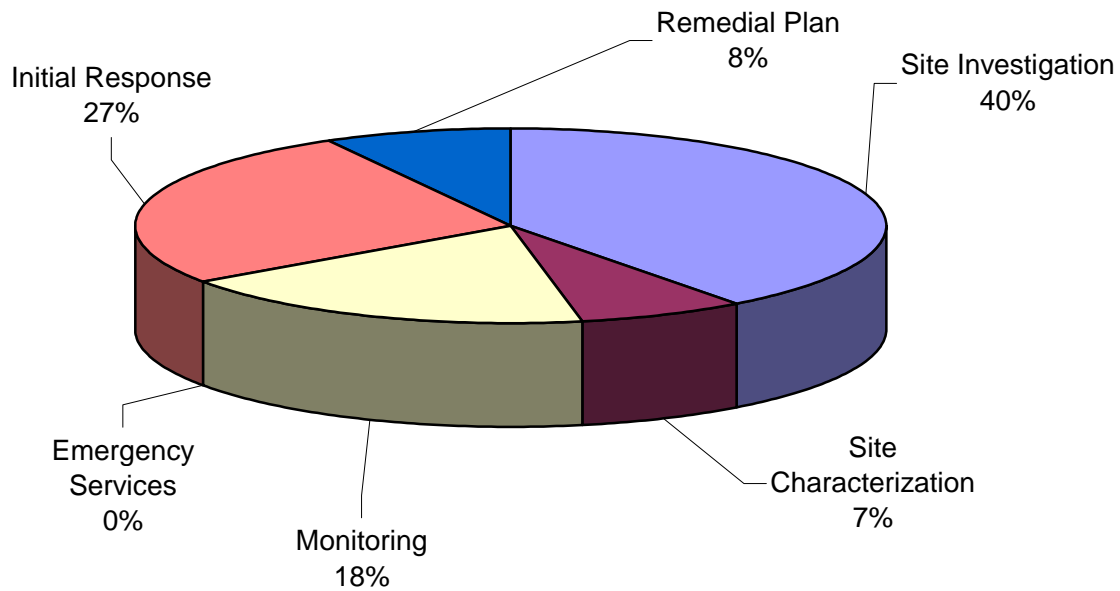


Figure 4. - Gasoline Remediation & Elimination of Ethers Fund

